

BHARTI AIRTEL

Robust operating performance; AGR overhang persists

India Equity Research | Telecom

Bharti Airtel (Bharti) reported better-than-expected Q2FY20 numbers with strong growth across key verticals and INR89.3bn EBITDA versus Street's INR82.1bn estimate. The company estimates INR342.6bn overall AGR related dues after the Supreme Court (SC) judgement and has made a provision of INR285bn towards the same, leading to INR230.4bn net loss. Adjusted net loss (INR11bn) was lower than Street's estimate (INR14bn). Notes to account also included a statement on possible funding challenges undermining the Group's ability to continue as a going concern. The company expects relief from the government and is also considering a review petition. We believe, the AGR order impacts Vodafone Idea the most, impairing its ability to invest in network. This will provide Bharti an opportunity to boost market share, driving profitability. Maintain 'BUY' with revised TP of INR425 (INR414 earlier) as we rollover valuation to FY21E.

Strong operational performance sustained

Bharti posted strong operational performance with 1.9% QoQ revenue growth and 190bps QoQ EBITDA margin expansion with strong performance in India as well as Africa. While 4G subscriber addition was also robust at 7.9mn, ARPU was steady at INR128. Consistently strong operational performance underscores the company's ability to execute amidst challenging environment.

A game of probabilities: Net positive for Bharti

Amidst uncertainties with respect to the government's stance on AGR-related liabilities, we believe Bharti is relatively well placed considering INR188bn cash on books and its ability to raise requisite capital. In the absence of any government support, we see this market heading towards a duopoly, which is likely to boost Bharti's market share. If government support comes through, current market structure will remain intact and we expect Bharti to continue to gain market share, albeit at a slower pace.

Outlook and valuation: Regulatory overhang; maintain 'BUY'

We believe, despite regulatory headwinds, execution and ability to raise funds will help Bharti sail through the current turmoil. The stock is trading at an attractive 6.9x FY21E EBITDA. We maintain 'BUY/SO' with SOTP-based TP of INR425.

Financials

(INR mn)

Year to March	Q2FY20	Q2FY19	% Chg	Q1FY20	% Chg	FY19	FY20E	FY21E
Net revenues	211,990	204,919	3.5	208,125	1.9	816,270	866,677	973,602
EBITDA	89,280	63,129	41.4	83,634	6.8	261,101	363,895	436,893
Adjusted Profit	(11,228)	1,188	NA	(28,660)	NA	(34,364)	(29,061)	30,990
Diluted EPS (INR)	(2.2)	0.3	NA	(6.3)	NA	1.0	(5.7)	6.0
Diluted P/E (x)						354	(64.0)	60.1
EV/EBITDA (x)						10.0	8.5	6.9

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Outperform
Risk Rating Relative to Sector	Low
Sector Relative to Market	Equalweight

MARKET DATA (R: BRTI.BO, B: BHARTI IN)

CMP	: INR 362
Target Price	: INR 425
52-week range (INR)	: 397 / 259
Share in issue (mn)	: 5,132.0
M cap (INR bn/USD mn)	: 1,860 / 25,851
Avg. Daily Vol.BSE/NSE('000)	: 8,525.3

SHARE HOLDING PATTERN (%)

	Current	Q1FY20	Q4FY19
Promoters *	62.7	62.7	67.1
MF's, FI's & BK's	13.2	13.1	13.3
FII's	22.3	22.1	17.6
Others	1.8	2.1	2.0
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Telecommunication Index
1 month	8.1	7.0	1.8
3 months	(0.8)	7.9	(5.0)
12	31.3	12.4	(9.2)

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Significant increase in liabilities

Bharti has indicated that total liability, consequent to the SC's judgement, stands at **INR342.6bn** (comprising principal of INR87.5bn, interest of INR154.5bn, penalty of INR37.6bn and interest on penalty of INR63.bn). Vodafone Idea has indicated that its total liability stands at **INR441.5bn** (INR276bn for licence fee and INR165bn for SUC). This includes interest, penalty and interest thereon of INR330.1bn.

The many possible outcomes

The landscape of the telecom industry, and thereby the fate of telcos, largely hinges on the government's final stance on collecting AGR-related dues. We currently are looking at three scenarios from Bharti's perspective:

- 1) **No government intervention:** *The government maintains its stance and doesn't provide any relief to telcos – i.e. it collects the entire AGR-related dues from all the operators. This will force the telecom industry to become a near duopoly, wherein Bharti stands to benefit substantially given its strong positioning in the 4G market and sole presence in the 2G market. We also expect faster price increase in this scenario considering need to lower debt to improve profitability.*
- 2) **Marginal government intervention:** *Media reports indicate that the government is considering two-years' moratorium for spectrum payouts and reduction in licence fees to 5%, from 8% currently. While this will provide short-term relief to telcos, it will still severely strain Vodafone Idea's balance sheet, leading to sustained market share loss. We believe, with losing subscriber market share, Idea will become a marginal player and Bharti and Reliance Jio will stand to benefit here, and gain from the losing market share of Idea.*
- 3) **Meaningful government intervention:** *The government can take some meaningful measures to reduce pending dues such as waving-off interest, penalties and interest on penalties from AGR-related dues, which can maintain current industry structure. In this case, we see current three player market condition sustaining. This scenario could lead to higher competition and hence pricing recovery could be slower.*

Telcos' stance on the AGR issue: Cry for help

Bharti's management has highlighted in its notes to account that there could be challenges to discharge liabilities and to it continuing as a going concern. This section is reproduced below:

"The Group will require significant additional financing to discharge its obligations under the Court Judgement; the management's actions include, inter alia, accessing diversified sources of finance. The Group has an established track record of accessing diversified sources of finance across markets and currencies. However, there can be no assurance of the success of management's plans to access additional sources of finance to the extent required, on terms acceptable to Group, and to raise these amounts in a timely manner. This represents a material uncertainty whereby, it may be unable to realize its assets and discharge its liabilities in the normal course of business, and accordingly may cast significant doubt on the Group's ability to continue as a going concern."

Vodafone Idea has also expressed concerns over the issue and has suggested a string of measures which can provide much needed relief to the company.

"The Company through Cellular Operators Association of India ('COAI') has made representations to the Government to provide relief to the telecom sector, including but not limited to requesting to not press for the AGR liability payment and grant waivers, not levy Spectrum Usage Charges on non-licensed revenue / income, reduction of License fee and SUC rates, use of GST credit for payment of Government levies and allow payment to be made in installments after some moratorium and grant a moratorium of two years for the payment of Spectrum dues beyond April 01, 2020 up to March 31, 2022."

Table 1: Trend of KPIs

	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
India - mobile services								
Mobility subscribers (mn)	290.1	304.2	344.6	332.8	284.2	282.6	281.1	279.4
Pre-paid customers (%)	93.7	93.9	94.6	94.4	93.6	93.5	94.9	94.9
Monthly Churn (%)	3.3	2.8	2.0	4.1	7.3	2.8	2.6	2.1
Traffic (mn min)	494,546	592,657	684,191	693,061	702,881	731,187	737,108	716,642
% change in above	13.1	19.8	15.4	1.3	1.4	4.0	0.8	(2.8)
Average revenue per user (INR)	123	116	106	101	104	123	129	128
% change in above	(15.2)	(5.9)	(8.6)	(4.5)	2.9	18.5	4.9	(0.8)
Average minutes of use per user	575	670	700	686	726	858	888	848
% change in above	10.9	16.6	4.5	(2.0)	5.8	18.3	3.5	(4.5)
Africa								
Voice Traffic (mn mins)	41,928	44,688	49,666	52,357	52,445	52,866	55,329	60,795
Subscribers (mn)	84.1	89.3	91.2	94.1	97.9	98.9	99.7	103.9
Net adds (mn)	2.2	5.1	1.9	2.9	3.8	0.9	0.8	4.2
Pre-paid subscribers (%)	99.1	98.8	99.2	99.1	99.1	99.1	99.1	99.1
Monthly churn (%)	4.1	4.1	4.9	4.8	4.7	5.4	5.0	4.5
MoU	172	172	183	189	183	179	186	199
% change in above	5.7	(0.4)	6.7	2.9	(2.9)	(2.1)	3.8	7.0
ARPU (USD)	3.2	3.0	2.9	3.0	3.0	2.6	2.7	2.8
% change in above	0.1	(5.6)	(3.7)	1.3	0.4	(12.7)	3.8	3.7
Data								
Data Customer Base ('000)	70,836	86,077	94,783	97,666	107,511	115,147	120,047	124,242
Net additions ('000)	5,067	15,242	8,706	2,883	9,845	7,636	4,900	4,195
Of which no. of broadband customers ('000)	62,149	76,578	58,281	65,731	77,068	86,808	95,173	103,111
Net additions ('000)	6,931	14,429	(18,297)	7,450	11,337	9,740	8,365	7,938
As % of Mobile Customer Base	24.4	28.3	28.2	29.6	37.8	40.7	43.4	44.5
Total MBs on the network(Mn)	1,105,839	1,539,746	2,150,645	2,660,297	3,216,897	3,705,034	4,191,715	4,828,577
% change in above	41.1	39.2	39.7	23.7	20.9	15.2	13.1	15.2
Data Usage per customer (MBs)	5,349	6,585	7,864	9,221	10,528	11,048	11,930	13,116
% change in above	30.9	23.1	19.4	17.2	14.2	4.9	8.0	9.9

Source: Company, Edelweiss research

Table 2: SOTP Valuation

	(INR bn)	Per share (INR)
Valuation of Core Business	1,787	348
Valuation of stake in Infratel (accounting for a 30% discount to valuation, given lack of visibility on long term viability of Vodafone Idea, which would impact Infratel's business)	203	40
Valuation of stake in Africa business	188	37
Total	2,178	425

Source: Edelweiss research

Table 3: Industry snapshot

	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
Revenue (INR mn)						
Bharti Airtel	104,803	102,521	101,892	106,322	108,667	109,814
Vodafone Idea	129,441	120,238	117,648	117,750	112,699	108,440
RJIO	81,091	92,400	103,830	111,060	116,790	123,540
EBITDA (INR mn)						
Bharti Airtel	27,603	21,468	19,498	25,657	38,742	39,913
Vodafone Idea	13,722	9,778	11,369	17,853	36,500	33,471
RJIO	31,460	35,720	40,520	43,260	46,700	51,390
EBITDA Margin (%)						
Bharti Airtel	26.3	20.9	19.1	24.1	35.7	36.3
Vodafone Idea	10.6	8.1	9.7	15.2	32.4	30.9
RJIO	38.8	38.7	39.0	39.0	40.0	41.6
Subscriber base (mn)						
Bharti Airtel	344.6	332.8	284.2	282.6	281.1	279.4
Addition		(11.8)	(48.5)	(1.6)	(1.5)	(1.7)
Vodafone Idea	435.4	422.3	387.2	334.1	320.0	311.1
Addition		(13.1)	(35.1)	(53.1)	(14.1)	(8.9)
RJIO	215.3	252.3	280.1	306.7	331.3	355.3
Addition		37.0	27.8	26.6	24.6	24.0
4G Subscribers (mn)						
Bharti Airtel	58.3	65.7	77.1	86.8	95.2	103.1
Addition		7.4	11.3	9.7	8.4	7.9
Vodafone Idea	57.4	65.8	75.3	80.7	84.8	90.3
Addition		4.4	8.2	2.3	0.3	1.7
RJIO	215.3	252.3	280.1	306.7	331.3	355.3
Addition		37.0	27.8	26.6	24.6	24.0
ARPU (INR)						
Bharti Airtel	105	100	104	123	129	128
Vodafone Idea	92	88	89	104	108	107
RJIO	135	132	130	126	122	120
Data usage per customer (GB)						
Bharti Airtel	9.0	10.3	10.8	11.0	11.9	13.1
Vodafone Idea	7.1	8.1	8.5	8.8	9.7	10.4
RJIO	11.0	10.8	10.9	10.9	11.4	11.7
MOU (mins)						
Bharti Airtel	700	686	726	858	888	848
Vodafone Idea	555	568	580	662	690	669
RJIO	744	761	794	823	821	789
Capex(INR bn)						
Bharti Airtel (India Mobility)	69	59	37	35	36	38
Vodafone Idea	15	37	25	32	28	21
RJIO	138	160	140	215	85	50
Net debt (INR bn)						
Bharti Airtel						1,181
Vodafone Idea						1,019
RJIO						1,423

Source: Company, Edelweiss research

Financial snapshot

(INR mn)

Year to March	Q2FY20	Q2FY19	% change	Q1FY20	% change	YTD20	FY20E	FY21E
Net revenues	211,990	204,919	3.5	208,125	1.9	420,115	866,677	973,602
N/W, interconnect costs	92,842	97,053	(4.3)	89,514	3.7	182,356	375,793	407,828
Employee expenses	9,464	9,360	1.1	8,641	9.5	18,105	38,207	41,500
Other operating expenses	29,868	44,737	(33.2)	34,977	(14.6)	64,845	126,989	128,881
Total expenditure	122,710	141,790	(13.5)	124,491	(1.4)	247,201	502,782	536,710
EBITDA	89,280	63,129	41.4	83,634	6.8	172,914	363,895	436,893
Depreciation	69,351	52,366	32.4	67,587	2.6	136,938	276,976	285,387
EBIT	19,929	10,763	85.2	16,047	24.2	35,976	86,919	151,506
Interest	29,083	29,857	(2.6)	31,815	(8.6)	60,898	118,114	100,598
Other income	231	1,074	(78.5)	461	(49.9)	692	692	-
Profit before tax	(313,340)	(19,984)	NA	(29,992)	NA	(343,332)	(347,130)	57,430
Provision for taxes	(85,039)	(22,476)	NA	(6,070)	NA	(91,109)	(92,135)	15,506
Minority interest	2,148	1,304	64.7	4,738	(54.7)	6,886	12,464	10,934
Reported net profit	(230,449)	1,188	NA	(28,660)	NA	(259,109)	(267,459)	30,990
Adjusted Profit	(230,449)	1,188	NA	(28,660)	NA	(259,109)	(29,061)	30,990
Diluted EPS (INR)	(44.9)	0.3	NA	(6.3)	NA	1.0	(5.7)	6.0
Diluted P/E (x)	-	-	-	-	-	354	(64.0)	60.1
EV/EBITDA (x)	-	-	-	-	-	10.0	8.5	6.9
EV/Revenues (x)	-	-	-	-	-	3.2	3.6	3.1

As % of net revenues

N/W, interconnect costs	23.4	27.4		22.1		22.8	22.8	21.8
Employee cost	4.5	4.6		4.2		4.3	4.4	4.3
Other operating expenses	14.1	21.8		16.8		15.4	14.7	13.2
EBITDA	42.1	30.8		40.2		41.2	42.0	44.9
Adjusted net profit	(108.7)	0.6		(13.8)		(61.7)	(30.9)	3.2

Company Description

Bharti is leading provider of telecommunication services with presence in 20 countries representing India, Bangladesh, Sri Lanka and 17 countries in Africa. It has a pan-India mobility network spanning all 22 telecom circles. The company has a wireless subscriber base of 284.2mn as on December 2018, implying wireless subscriber market share of ~30%. The enterprise services division, along with voice, data and video services also provides network integration, data centers, managed services, enterprise mobility applications and digital media solutions.

Investment Theme

The industry has consolidated into 3 players, Bharti, Vodafone Idea and RJIO, competing for subscriber share and revenue market share (RMS). All the telecom operators are witnessing strong data volume growth with increasing penetration of smartphones and improved availability of 3G/4G services. The device and content ecosystem has also improved leading to high customer awareness driving data volume growth. We expect the heavy capex towards network improvement and capacity expansion to sustain the heavy data usage among the subscribers. Stability in the competitive environment is pivotal for the sector's profitable growth and we will wait for industry's subscriber addition and churn to plateau before turning positive.

Key Risks

Increased competition may impact pricing power which may lead to lower revenue growth and sub-optimal margins. Early maturity of 5G ecosystem also poses risk in the medium term. Further depreciation in African currencies would be another source of risk.

Financial Statements

Key Assumptions

Year to March	FY18	FY19	FY20E	FY21E
Macro				
GDP(Y-o-Y %)	6.7	7.1	7.1	7.3
Inflation (Avg)	3.6	3.7	4.0	4.5
Repo rate (exit rate)	6.0	6.3	5.8	5.8
USD/INR (Avg)	64.5	70.0	72.0	72.0
Company				
India Subs. Base (mn)	304.2	282.6	282.4	294.4
Total Minutes (mn)-India	1,946,257	2,811,320	2,932,499	3,148,439
ARPU (INR) - India	127	109	131	134
Africa				
Africa Subs. Base (mn)	89	99	109	117
Total Minute (mn)-Africa	162,007	207,334	243,931	275,968
Employee (% of net rev)	4.7	4.7	4.4	4.3
Financial assumptions	1.1	1.1	1.1	1.1
Avg. Interest rate (%)	8.7	9.8	11.3	10.5
Depreciation rate (%)	9.4	9.7	12.1	12.3
Tax rate (%)	49.1	163.8	26.0	30.5
Capex (INR mn)	(272,917)	(303,267)	(227,289)	(236,129)

Income statement

(INR mn)

Year to March	FY18	FY19	FY20E	FY21E
Net revenue	839,367	816,270	866,677	973,602
Cost of revenues	363,524	386,847	375,793	407,828
Gross profit	475,843	429,423	490,884	565,774
Total SG&A expenses	172,564	168,322	126,989	128,881
EBITDA	303,279	261,101	363,895	436,893
Depreciation	192,431	213,475	276,976	285,387
EBIT	110,848	47,626	86,919	151,506
Add: Other income	14,847.00	18,281.00	27,134.04	32,730.48
Profit Before Tax	22,061	(20,874)	(353,691)	50,908
Less: Provision for Tax	10,835	(34,193)	(92,135)	15,506
Less: Minority Interest	10,845	12,780	12,464	10,934
Add: Prior period items	95,703	116,069	145,940	133,328
Add: Exceptional items	(7,931)	29,288	(321,804)	-
Associate profit share	10,609	3,556	6,561	6,522
Reported Profit	10,990	4,095	(267,459)	30,990
Adjusted Profit	10,990	4,095	(29,061)	30,990
Shares o/s (mn)	3,995	3,995	5,134	5,134
Adjusted Basic EPS	2.8	1.0	(5.7)	6.0
Diluted shares o/s (mn)	3,999	3,999	5,134	5,134
Adjusted Diluted EPS	2.7	1.0	(5.7)	6.0
Adjusted Cash EPS	50.9	54.5	48.3	61.6
Dividend per share (DPS)	2.8	5.0	5.0	5.0
Dividend Payout Ratio(%)	103.3	488.3	(88.3)	82.8

Common size metrics

Year to March	FY18	FY19	FY20E	FY21E
Cost of revenues	43.3	47.4	43.4	41.9
Gross margin	56.7	52.6	56.6	58.1
EBITDA margins	36.1	32.0	42.0	44.9
EBIT margins	13.2	5.8	10.0	15.6
Net Profit margins	2.6	2.1	(1.9)	4.3

Growth ratios (%)

Year to March	FY18	FY19	FY20E	FY21E
Revenues	(12.2)	(2.8)	6.2	12.3
EBITDA	(14.4)	(13.9)	39.4	20.1
PBT	(67.0)	(194.6)	1,594.4	(114.4)
Adjusted Profit	(71.1)	(62.7)	(809.7)	(206.6)
EPS	(71.1)	(62.7)	(652.9)	(206.6)

Balance sheet				(INR mn)
As on 31st March	FY18	FY19	FY20E	FY21E
Share capital	19,987	19,987	25,655	25,655
Reserves & Surplus	675,357	694,235	671,405	713,329
Shareholders' funds	695,344	714,222	697,060	738,984
Minority Interest	88,139	135,258	170,316	170,316
Def. Tax Liability (net)	(18,724)	(78,082)	(232,144)	(232,144)
Sources of funds	1,958,002	2,113,876	2,060,191	1,987,115
Gross Block	2,748,763	3,117,421	3,331,884	3,568,013
Net Block	706,079	815,228	1,062,675	1,060,413
Capital work in progress	52,089	88,433	88,433	88,433
Intangible Assets	1,211,348	1,200,996	1,146,013	1,099,017
Total Fixed Assets	1,969,516	2,104,657	2,297,120	2,247,863
Non current investments	92,608	110,878	111,768	111,768
Cash and Equivalents	116,864	108,353	151,327	127,743
Sundry Debtors	58,830	43,006	55,386	61,858
Loans & Advances	9,703	16,452	-	-
Other Current Assets	228,272	278,366	472,477	472,477
Current Assets (ex cash)	297,498	338,708	527,863	534,335
Trade payable	277,675	280,031	280,796	287,503
Other Current Liab	240,809	268,689	747,090	747,090
Total Current Liab	518,484	548,720	1,027,886	1,034,593
Net Curr Assets-ex cash	(220,986)	(210,012)	(500,024)	(500,258)
Uses of funds	1,958,002	2,113,876	2,060,191	1,987,115
BVPS (INR)	173.9	178.6	135.8	143.9

Free cash flow				(INR mn)
Year to March	FY18	FY19	FY20E	FY21E
Reported Profit	10,990	4,095	(267,459)	30,990
Add: Depreciation	192,431	213,475	276,976	285,387
Interest (Net of Tax)	66,992	81,248	102,158	93,330
Others	4,378	(100,045)	(122,570)	(115,126)
Less: Changes in WC	(23,747)	10,974	(290,012)	(234)
Operating cash flow	298,538	187,799	279,116	294,815
Less: Capex	272,917	303,267	227,289	236,129
Free Cash Flow	25,621	(115,468)	51,827	58,685

Cash flow metrics				
Year to March	FY18	FY19	FY20E	FY21E
Operating cash flow	298,538	187,799	279,116	294,815
Financing cash flow	19,205	75,265	(31,782)	(115,000)
Investing cash flow	(279,676)	(284,844)	(218,865)	(203,399)
Net cash Flow	38,067	(21,780)	28,469	(23,584)
Capex	(272,917)	(303,267)	(227,289)	(236,129)
Dividend paid	(32,652)	(46,518)	-	-

Profitability and efficiency ratios

Year to March	FY18	FY19	FY20E	FY21E
ROAE (%)	2.9	2.1	(1.9)	4.7
ROACE (%)	6.5	3.2	5.1	8.2
Inventory Days	1	1	-	-
Debtors Days	24	23	21	22
Payable Days	274	263	272	254
Cash Conversion Cycle	(250)	(239)	(252)	(232)
Current Ratio	0.8	0.8	0.7	0.6

Operating ratios

Year to March	FY18	FY19	FY20E	FY21E
Total Asset Turnover	0.4	0.4	0.4	0.5
Fixed Asset Turnover	0.4	0.4	0.4	0.4
Equity Turnover	1.1	1.0	1.0	1.1

Du pont analysis

Year to March	FY18	FY19	FY20E	FY21E
Net Profit Margin	2.6	2.1	(1.9)	4.3
Total Asset Turnover	0.4	0.4	0.4	0.5
Leverage Multiplier	2.5	2.5	2.4	2.3
ROAE (%)	2.9	2.1	(1.9)	4.7

Valuation parameters

Year to March	FY18	FY19	FY20E	FY21E
Adj. Diluted EPS (INR)	2.7	1.0	(5.7)	6.0
Y-o-Y growth (%)	(71.1)	(62.7)	(652.9)	(206.6)
Adjusted Cash EPS (INR)	50.9	54.5	48.3	61.6
Diluted P/E (x)	131.9	354.0	(64.0)	60.1
P/B (x)	2.1	2.0	2.7	2.5
EV / Sales (x)	2.9	3.2	3.6	3.1
EV / EBITDA (x)	4.7	5.6	5.2	4.4
Dividend Yield (%)	0.8	1.4	1.4	1.4

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
		FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Bharti Airtel	25,851	(64.0)	60.1	5.2	4.4	(1.9)	4.7
Bharti Infratel	5,363	11.4	12.7	6.0	5.6	26.4	27.3
Sterlite Technologies	695	8.3	7.8	3.9	3.6	30.6	27.4
Tejas Networks	90	11.6	7.0	4.2	2.4	4.3	6.8
Vodafone Idea	1,178	(0.7)	(0.6)	8.0	6.9	(0.2)	(0.2)
Median	-	8.3	7.8	5.2	4.4	4.3	6.8
AVERAGE	-	(6.7)	17.4	5.5	4.6	11.8	13.2

Source: Edelweiss research

Additional Data

Directors Data

Mr. Sunil Bharti Mittal	Chairman	Mr. Gopal Vittal	Managing Director and CEO (India and South Asia)
Ms. Chua Sock Koong	Non-Executive Director	Mr. Craig Ehrlich	Independent Director
Mr. Manish Kejriwal	Independent Director	Mr. Rakesh Bharti Mittal	Non-Executive Director
Ms. Tan Yong Choo	Non-Executive Director	Mr. Dinesh Kumar Mittal	Independent Director
Mr. V. K. Viswanathan	Independent Director	Mr. Shishir Priyadarshi	Independent Director
Ms. Kimsuka Narasimhan	Independent Director		

Auditors - S.R.Batliboi & Co., Chartered Accountants

**as per last annual report*

Holding – Top10

	Perc. Holding		Perc. Holding
Bharti telecom limit	41.24	Pastel limited	14.79
Indian continent inv	6.46	Gic private limited	3.77
Na	3.17	Icici prudential ass	3.03
Franklin resources	2.75	Sbi funds management	1.78
Blackrock	1.41	Vanguard group	1.18

**in last one year*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
01 Jan 2019	Srs Partners Master Fund Lp	Buy	13097510	312.90

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
04 Jun 2019	Ajai Puri	Sell	17060.00
03 Jun 2019	Ajay Chitkara	Sell	17427.00
10 Apr 2019	Moti Gyamlani	Sell	39921.00
02 Jan 2019	Bharti Airtel Employees Welfare Trust	Buy	140000.00

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Bharti Airtel	BUY	SO	L	Bharti Infratel	HOLD	SP	L
Sterlite Technologies	BUY	SO	M	Tejas Networks	BUY	SO	M
Vodafone Idea	HOLD	SU	M				

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

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Aditya Narain

Head of Research

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Coverage group(s) of stocks by primary analyst(s):

Bharti Airtel, Bharti Infratel, Vodafone Idea, Sterlite Technologies, Tejas Networks

Recent Research

Date	Company	Title	Price (INR)	Recos
30-Oct-19	Bharti Airtel	Robust operating performance; AGR overhang persists; <i>Company Update</i>	368	Buy
25-Oct-19	Sterlite Technologies	Demand pangs; <i>Result Update</i>	145	Buy
24-Oct-19	Tejas Networks	Numbers weak; valuation comforting; <i>Result Update</i>	74	Buy

Distribution of Ratings / Market Cap

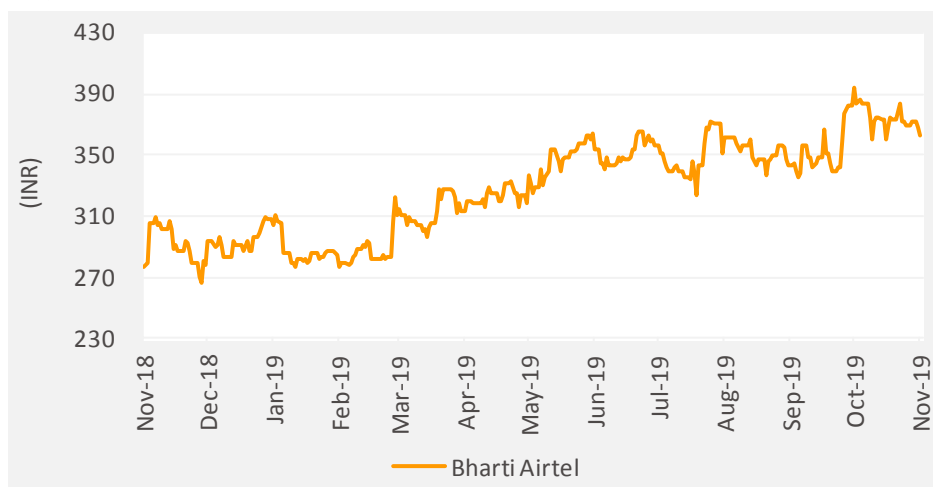
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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